

ROCKY BRANCH WATERWORKS DISTRICT

Farmerville, Louisiana

Compiled Financial Statements
Year Ended December 31, 2014

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

ROCKY BRANCH WATERWORKS DISTRICT
Union Parish Police Jury
Farmerville, LA

Compiled Financial Statements
Year Ended December 31, 2014

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JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 0 Fax (318) 388-0724

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Rocky Branch Waterworks District
Farmerville, Louisiana

Board of Directors of
Rocky Branch Waterworks District

I have compiled the accompanying statement of net position of Rocky Branch Waterworks District, a component unit of the Union Parish Police Jury, State of Louisiana, as of December 31, 2014, and the related statements of activities and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.


The management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Rocky Branch Waterworks District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The Schedule of Compensation Paid Commissioners and the Schedule of Findings and Responses on pages 14 and 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled the Schedule of Compensation Paid Commissioners and the Findings and Responses from information that is the representation of management of Rocky Branch Waterworks District, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

The Rocky Branch Waterworks District did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2014. The effects of this departure from generally accepted accounting principles has not been determined.


JIMMIE SELF, CPA
MONROE, LOUISIANA
May 28, 2015

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA**

STATEMENT A

**Statement of Net Position
December 31, 2014**

	<u>2,014</u>
ASSETS	
Current Assets::	
Cash and Cash Equivalents	\$ 368,310
Investments	224,418
Restricted assets:	
Cash and Cash Equivalents	25,633
Receivables, Net	<u>162</u>
Total Current Assets	<u>618,523</u>
Noncurrent assets:	
Capital Assets	
Land-Not depreciated	4,500
Computer Software	1,562
Water system	752,229
Building	<u>59,983</u>
Total Capital Assets	<u>818,274</u>
Less Accumulated Depreciation	<u>-636,908</u>
Total noncurrent assets	<u>181,366</u>
Total Assets	<u><u>\$ 799,889</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable	<u>1,149</u>
Total liabilities	<u>1,149</u>
 NET POSITION	
Net Investment in capital assets	181,366
Restricted for Meter Deposits (14917), Depreciation, and Contingencies (10716)	25,633
Unrestricted	<u>591,741</u>
Total net Position	<u><u>\$ 798,740</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

**ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA**

STATEMENT B

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2014**

	2014
OPERATING REVENUES	
Charges for services and sales	\$ 161,325
Total Operating Revenues	<u>161,325</u>
OPERATING EXPENSES	
Uncategorized expense	341
Ads	355
Bad Checks	461
Bank Error	(13)
Contract Work	12,633
Deposit Refunds	2,792
Dues	300
Depreciation	31,367
Education	160
Fee	1,584
Taxes (Payroll and Others)	4,429
Insurance	4,821
Material and Supplies	14,716
Miscellaneous	11
New Const	2,727
Office	736
Payroll	27,794
Per Diem	1,270
Postage	2,113
Refunds for on site purchases of materials and supplies	18,563
Utilities	10,869
Other Refunds	6,944
Total operating expenses	<u>147,271</u>
Operating Income	<u>14,054</u>
Nonoperating revenues (expenses):	
Investment Earnings	2,194
Total non-operating revenues	<u>2,194</u>
Change in net assets	16,248
Net position-beginning of year	782,492
Net position -end of year	<u>\$ 798,740</u>

**ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE
UNION PARISH POLICE JURY
FARMERVILLE, LOUISIANA**

STATEMENT C

**STATEMENT OF CASH FLOWS
Year Ended December 31, 2014**

	<u>2014</u>
Cash flows from operating activities	
Cash received from customers	\$ 161,304
Cash paid to suppliers for goods and services	(92,920)
Cash payments to employees for services	(27,794)
Net cash provided (used) by operating activities	<u>40,590</u>
Cash flows from investing activities:	
Interest earned on investments	<u>2,194</u>
Net cash provided by investing activities	<u>2,194</u>
Net increase in cash and cash equivalents	42,784
Cash at Beginning of Year	351,159
Cash at End of Year	<u><u>\$ 393,943</u></u>
Reconciliation of net Operating Income (Loss) to Net Cash	
Operating Income (Loss)	\$ 14,054
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	31,367
Increase in investments	(3,595)
Increase (Decrease) in:	
Accounts Receivable	(357)
Accounts Payable and other fees	(879)
Net Cash Provided by Operating Activities	<u><u>\$ 40,590</u></u>

Note:

Included as cash and cash equivalents:.	
Cash and cash Equivalents	368,310
Restricted Cash	25,633
Total Cash and Cash Equivalents	<u>393,943</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

NOTES

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

INTRODUCTION

The Rocky Branch Waterworks District (BTA) was created by the Union Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The following is a brief description of the operations of Rocky Branch Waterworks District (BTA), and includes the parish in which the BTA is located:

The District is governed by a five-member board of commissioners who are residents of and own real estate in the District. The board is appointed by the police jury and is compensated for its responsibility of providing water service to users within the boundaries of the District. The District serves approximately 400 residential and 50 commercial customers. The District has two employees.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Rocky Branch Waterworks District (BTA) present information only as to the transactions of the Rocky Branch Waterworks District (BTA) as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Rocky Branch Waterworks District (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration of Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

Revenues consist of income from users of the water line in the District. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts bearing interest.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

RECEIVABLES

The following is a summary of receivables at December 31, 2014:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Total</u>
Accounts Receivable	\$162	\$162

Management has determined that the amounts of the receivables that are uncollectible are immaterial; therefore, no provision for uncollectible receivables has been included in these financial statements.

ACCOUNTS PAYABLE

The following is a summary of payables at December 31, 2014:

Accounts Payable	<u>\$1,149</u>
------------------	----------------

NOTE B. BUDGETARY ACCOUNTING

As a Business-Type Activity, the district is not required to prepare a budget.

NOTE C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. For reporting purposes, deposits with financial institutions include demand deposits, time deposits, and certificates of deposit. Under state law the Rocky Branch Waterworks District (BTA) may deposit funds with a fiscal bank selected and designated by the Board. Further, the (BTA) may invest in savings accounts, and time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and registered cash and cash equivalents) and restricted cash

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

and cash equivalents with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent or custodial bank in the form of safekeeping receipts.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department agent, but not in the entity's name.

	Cash	Time Deposits	Total
Deposits per Statement of Net Assets (Reconciled BnkBal)			
Deposits per Bank	\$393,943	\$ 224,418	\$ 618,361
Bank Balances exposed to Custodial Risk	\$ 393,943	\$ 224,418	\$ 618.361
	-	-	-

Total FDIC coverage of \$500,000 combined with pledged securities of \$41,262 market value and \$220,000 par value by FIN adequately provide collateral for the deposits.

The District is adequately collateralized.

Note: The "Deposits per Bank" will not necessarily equal the "Deposits per Balance Sheet", due to outstanding items.

The Rocky Branch Waterworks District (BTA) maintains investment accounts as authorized by OSRAP.

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, and not registered in the name of the entity.

GASB Statement 40, amended GASB Statement 3, to eliminate the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one column since they are held in the

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

entity's name. In addition, the total reported amount and fair value column must be reported for total investments regardless of exposure to custodial credit risk.

NOTE D. CAPITAL ASSETS

Capital assets of the District are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years.

A summary of Capital Assets at December 31, 2013, follows:

CAPITAL ASSETS	Cost	Addns	Accum Deprec	Net
Land	4,500	0	0	4,500
Water System	813,774	31,367	636,908	176,866
TOTAL	818,274	31,367	636,908	181,366

Land is not depreciated.

NOTE E. INVENTORIES

The District does not maintain inventories of any type.

NOTE F. RESTRICTED ASSETS

Certain proceeds of the enterprise fund resources are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include "Depreciation and Contingency Account" which is retained for maintenance and repairs and other contingencies and "Customer Deposits" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service.

Restricted assets in Rocky Branch Waterworks District (BTA) at 12-31-2014 reflected at \$25,633 in the assets section on Statement A as Cash and Cash Equivalents. The purpose of the restrictions is for Customer Meter Deposits of \$14,917 and Depreciation and Contingencies of \$10,716.

NOTE G. LEAVE

The District does not have a formal leave policy.

ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

NOTE H. RETIREMENT SYSTEM

The District has no pension plan, except social security benefits resulting from salary withholdings and employer mandated matching payments.

NOTE I. OTHER POST – EMPLOYMENT BENEFITS

None.

NOTE J. RISK MANAGEMENT

The waterworks district is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the district maintains coverage with The Lincoln Agency, Farmerville, LA, serving the following insurance companies: CNA Surety, American Alternative, and Louisiana Workers Compensation. The policies cover general liability, property, employee liability, workers compensation, and public officials' liability. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2014.

NOTE K. RELATED PARTY TRANSACTIONS

None.

NOTE L. LITIGATION AND CLAIMS

None.

NOTE M. SUBSEQUENT EVENTS

Subsequent events were evaluated by management up to and including the issue date of this report, May 28, 2015. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2014.

NOTE N. OTHER SUPPORT

None

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ROCKY BRANCH WATERWORKS DISTRICT
(A Component Unit of the Union Parish Police Jury)
Farmerville, Louisiana
Notes To The Financial Statements
As of and For the Year Ended December 31, 2014

NOTE O. SIMPLIFIED STATEMENT OF ACTIVITIES

Rocky Branch Waterworks District A component unit of the Union Parish Police Jury Farmerville, LA Simplified Statement of Activities (BTA) For the Year Ended December 31, 2012	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>\$147,271</u>	<u>161,325</u>	<u>\$ 14,054</u>
General Revenues:			
Interest			<u>2,194</u>
Total General Revenues			<u>2,194</u>
Change in Net Assets			
Net Assets – Beginning			<u>782,492</u>
Net Assets - Ending			<u>798,740</u>

SEE STATEMENT B, Page 4.

**SUPPLEMENTARY
INFORMATION**

ROCKY BRANCH WATERWORKS DISTRICT

FARMERVILLE, LA

COMPENSATION PAID TO BOARD MEMBERS FYE 12/31/2014

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>2014</u>
J.C. Ainsworth, (President)	254
Jill A. Hodge, (Vice President)	254
Jerry Farrar	254
Phillip Smith	254
John E. Haye	254
	<u><u>\$1,270</u></u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S REPORT.

JIMMIE SELF, CPA
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SCHEDULE OF FINDINGS AND RESPONSES
ROCKY BRANCH WATERWORKS
Farmerville, Louisiana

Findings for the Current Year Ended December 31, 2014

FINDING 2014-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: This would be impractical and cannot be remedied due to lack of funds.

Findings for the Prior Year Ended December 31, 2013

FINDING 2013-1

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: This would be impractical and cannot be remedied due to lack of funds.

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.